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2010

Online at <https://mpra.ub.uni-muenchen.de/40688/>  
MPRA Paper No. 40688, posted 17 Aug 2012 09:19 UTC

# Impact of Employee Empowerment on Job Satisfaction: An Empirical Analysis of Pakistani Service Industry

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## Abstract

The purpose of this study is to determine the relationship between employee empowerment and job satisfaction in Pakistani service industry. This study also examines the difference between job satisfaction level of male and female employees. The questionnaire consisting twenty four statements was used for collection of data and was distributed among 200 employees of service industries in Pakistan. SPSS was used for analysis. Results indicate that employee empowerment has positive and significant impact on job satisfaction. The results also confirm a significant difference between male and female employees' job satisfaction level. Evidence depicts that male employees are more satisfied from their jobs.

**Key words:** Employee Empowerment, Job Satisfaction, Service industry, Employees

## 1. Introduction

Empowerment means encouraging the people to make decisions with least intervention from higher management (Handy, 1993). Employee empowerment is defined as giving the power to employees to make decisions. It is a form of freedom in which employee takes decisions to ensure maximum satisfaction to customers. Empowerment is the initial, fundamental and an extraordinary aspect for achievement of success and growth for any business and enhances the productivity. Employees and customer satisfaction is, therefore, effected by empowerment using it as a tool through which businesses goals could be obtained. Employees are the assets of an organization (Davidson, 2004) and can make or break the organization; highly motivated employees give the unexpected output while an employees with low motivation level can drag the company growth downwards (Deal, 2005). Lawler & Mohram (1989) defined the employee involvement as "it a proper procedure to compete the capability of worker" for enhancing their commitment and achievement of growth and success of organization.

Handling the employees is the one of the difficult tasks for the managers. A problem appears when an organization on parallel lines start work on imparting employees empowerment as well as implementing various techniques to improve performance. In this phenomenon, effort is to maintain a required level of performance from employees while having trust on them by giving empowerment for betterment of the organization. This display of trust through empowerment for achievement of performance is, therefore, an important factor in service industry. Lack of commitment on part of employees and frequent changes in duties by employer without willingness are obstacles to employee empowerment.

Spice and Gilbert (1991) advised the managers to give the authority to workers in making decisions for maximum utilization of human capital. Dobbs (1993) stated that empowerment enhances the performance of workers and improves the work environment of the organizations. Caring, respectful behavior and encouraging the employees improve the quality and interest of the workers in job. Many managers have been found unsuccessful in creating empowerment by creating direct reporting channel otherwise if the employees are empowered with a common vision, it ensures the movement of all concerned for same cause. Promoting corporate values within the organization in true sense of implementation is an effective and practical mode for

achievement performance. In context, it is essential to observe that to which extent employee empowerment leads to job satisfaction of employees which results in better performance of employees and organization particularly in service industry of Pakistan.

The purpose of this study is to determine the relationship between employee empowerment and job satisfaction in services industry of Pakistan and to examine the difference between job satisfaction level of male and female employees.

## 2. LITERATURE REVIEW

Empowerment enables the managers to perform and help others working under them to achieve through successful work systems. This requires that management should take more responsibility to lead toward destiny with the intention to develop internal commitment. An individual's personal reasons and motivation are the factors that make him committed to a particular project, person or program and create internal commitment. In this regard, internal dedication is participatory and very closely linked with empowerment (Tony, 1999).

In balanced power structures interpersonal conflict is lowest. Similarly, in organizations, benefits of high sociability are clear and frequent; however, sociability rarely helps creativity. This motivates the employees to go further within the official requirements of their job duties. In other, employees work harder than required to maintain the impression of their social group for looking well and flourish (Tony, 1999). In spite of the request of empowerment, many people do not feel empowered by their managers. In fact, surveys have constantly exposed that a large ratio of American employees consider their own supervisor as major source of pressure on the work. Under which circumstances managers are willing and able to empower employees and how they motivate and empower by providing support and hold to employees working under them while increasing current relationships and maintaining their own power remain unbreakable at the same time (Brown & Lawler, 1992).

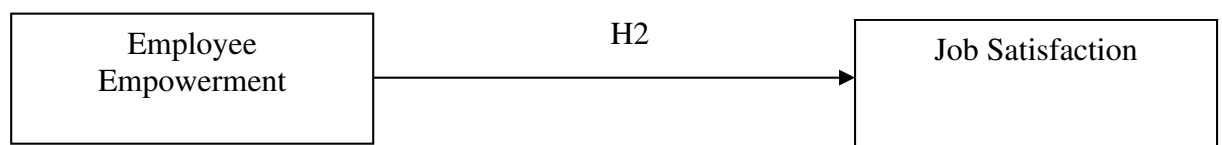
Whether managers are functioning with a high or low performing employee is another likely factor which has an effect on the dynamics of authority and dissemination of empowerment to employee. In practical, provision of controls enhances the both the speed and excellence of empowered units and perfection in awareness of market strain and improved modernism. Companies have been found capable to decrease their company level operating cost and through closely controlled inside power processes (Brian et al., 2008). It is the qualitative aspect of concept empowerment which makes it complex for both managers and individuals working under them to introduce it within their organization. Due to this complexity, number of organizations adopt "top down" management approach and various empowerment activities (Argyris & Chris, 1998). In this context, empowerment theory suggests fundamental changes concerning organizational formation, centralization of power and establishment of organizational processes (Hofstede, 1991).

Furthermore, transfer of power needs both subordinates and superiors to postpone their deeply fixed values of disproportion and their different roles. Superiors would need to give up with power, status and freedom (e.g. the right to make rules and laws) which they have obtained over the years (i.e. development through priority). On the other hand, subordinates would be necessary to ignore their strong reliance toward their superiors and do task separately (Hofstede, 1991). Avoidance of uncertainty further describes the ideal point of formalization in an organization. The suggestion of empowerment theory to replace precise control over employees, policies, suggestions and information with introduction of trust within the organization is not likely to be fulfilled universally (Goldsmith et al., 1997).

Ripley & Ripley (1992) and Spatz (2000) stated that empowerment can enhance the responsibilities as well as motivation of employees in their routine work, improve satisfaction level, quality of services, employees loyalty and productivity by giving them self respect that worth a lot and ultimately increases the productivity and quality of products and reduces the employee turnover. The two awards were given to the software companies, one was "Exceeding Customer Expectations" and second was "Motivating and Retaining Employees" for the reason that the companies had happy and empowered employees" (Best of the best, 1999). The restaurant industry could get the benefit by giving the empowerment to employees as his immediate decisions on customer issues enhance the satisfaction of employees and save the time in the form of waiting decisions from the top management (Potochny, 1998).

2.1 Theoretical Framework

INDEPENDENT VARIABLE



**Hypothesis**

2.2 Hypothesis Statements

The objective of this study is to measure the relationship between job satisfaction and employee empowerment. Therefore, the following hypotheses are developed:

H0: There is no significant difference between male and female job satisfaction level

H1: There is a significant difference between male and female job satisfaction level

H2: Employee empowerment leads towards higher level of Job Satisfaction

**3. Methodology**

The sample size was consisted of two hundred respondents from branches of different banks, insurance and telecom industries mostly in Islamabad / Rawalpindi. Potential respondents were employees in Pakistani service sector both men and women aged more than 20 and less than 50 years. The survey was conducted by distributing the questionnaire among the respondents. All questions were explained to the participants before giving the questionnaire so they may easily complete it and give the relevant response. Each respondent had only one questionnaire. Due to time and budget constraints, distribution of questionnaire to a large number of respondents was very difficult; hence, the convenient method was used.

The questionnaire was composed of two sections, the first section solicited general information about respondents i.e. gender, age, status and work experience. Whereas, the second part was associated to “Employee empowerment and job satisfaction” and had twenty four items. The items were measured on 5 point Likert scale, where 5 was the largest level agreement and 1 was smallest level agreement. The Statistical Package of Social Sciences (SPSS) was used for analysis by applying regression, Independent Sample T-test and frequency distribution. The scale was adopted from previous study (Halvorsen, 2005).

**4. RESULTS AND DISCUSSION**

First, the level of job satisfaction between male and female employees is investigated. For this purpose various tests were performed and results are summarized under. Out of total 200 respondents, 129 are male and 71 are female participants having age bracket between 20 to 50 years while majority of the employees are in between 30-39 years. More than two third are married and most of the respondents have 6 to 10 years of job experience.

**Table 1 Here**

Male and female employees job satisfaction level is measured through Independent sample T-test. The results of mean value prove that male employees are highly satisfied with their jobs as compare to female employees. There is significant difference between male and female job satisfaction as the p- value is less than 0.05. This revealed that null hypothesis (Ho) is rejected and alternative hypothesis (H1) is accepted showing that a significant difference lies among male and female employees job satisfaction level.

**Table 2 Here**

Relationship among employee job satisfaction and employee empowerment is measured through regression analysis. The result of regression analysis reveals that the model is significant ( $p < 0.05$ ), R-Square is 0.651 and F-statistics is 13.795. It is proved that there is positive and significant relationship between employee empowerment and job satisfaction. The value of R-Square shows the fitness of the model as employee empowerment contributes 65% of employee job satisfaction. The regression coefficient for independent variable is 0.529, which suggests that employee empowerment contributes 53% change in job satisfaction. On the basis of these

results, hypotheses (H2) proved valid and it is confirmed that employee empowerment leads toward higher level of job satisfaction.

## 5. CONCLUSION AND RECOMMENDATIONS

On the basis of results, it is concluded that employee empowerment has positive and significant impact on employee job satisfaction and there is significant difference among gender wise job satisfaction level. This study confirms that employee empowerment leads towards higher level of employees' job satisfaction. Service industry in Pakistan is facing so many problems for last few years such increasing number of new entrants/competitors in service industry, economic conditions, political instability and energy crises. These factors have affected the corporate industry in general and service industry specially. The results of this study useful for both private and public sector service industry employers.

This study contributes to overcome the problems of employee empowerment in service sector and given a fair idea that employee satisfaction can be achieved through empowerment. The present study will help to improve the process of empowering employees in Pakistani service sector. Since we have found employee empowerment as an important factor that enhances employee job satisfaction, it is recommended that further studies should be carried at the higher level with larger sample size than this study, more demographics factors must be added in the study and should be expanded to the all service industries throughout the country.

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Annexure

**Table 1: Level of Job Satisfaction between Male and Female Employees (Independent Sample T-Test)**

	Group	Mean	Std Dev	P-Value
Level of Job Satisfaction	Female	3.2412	0.6176	0.003
	Male	3.3614	0.6258	

**Table 2: Simple Regression Coefficients, Standard Errors in parenthesis, t-values in brackets, p-values in italics**

Constant	Employee Empowerment	R-Square	F Statistic
2.633	0.529	0.651	13.795
(0.189)	(0.529)		
[13.896]	[3.714]		
<i>0.000</i>	<i>0.000</i>		<i>0.000</i>